

HOUSE BILL REPORT

SHB 1952

As Passed House:

March 6, 2009

Title: An act relating to the building communities fund program competitive process.

Brief Description: Regarding the building communities fund program competitive process.

Sponsors: House Committee on Capital Budget (originally sponsored by Representatives Kenney, Ormsby, Blake, Flannigan, Maxwell, Pettigrew, Springer, Hudgins, Liias, Morrell, White, Conway, Hasegawa, Chase, Sullivan, Dickerson, Wood and Santos).

Brief History:

Committee Activity:

Community & Economic Development & Trade: 2/11/09, 2/12/09 [DP];
Capital Budget: 2/24/09, 2/27/09 [DPS].

Floor Activity

Passed House: 3/6/09, 93-3.

Brief Summary of Substitute Bill

- Allows an applicant to qualify for Building Communities Fund consideration by demonstrating that a proposed project will offer three or more distinct activities that meet a single community service objective.
- Defines the "exceptional circumstances" through which the Department of Community, Trade and Economic Development (DCTED) may reduce an applicant's required non-state match.
- Requires DCTED to rank the list of qualified eligible Building Communities Fund applicants.

HOUSE COMMITTEE ON COMMUNITY & ECONOMIC DEVELOPMENT & TRADE

Majority Report: Do pass. Signed by 6 members: Representatives Kenney, Chair; Maxwell, Vice Chair; Chase, Liias, Probst and Sullivan.

Minority Report: Do not pass. Signed by 3 members: Representatives Smith, Ranking Minority Member; Orcutt and Parker.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

Staff: Meg Van Schoorl (786-7105)

HOUSE COMMITTEE ON CAPITAL BUDGET

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 15 members: Representatives Dunshee, Chair; Ormsby, Vice Chair; Warnick, Ranking Minority Member; Pearson, Assistant Ranking Minority Member; Anderson, Blake, Chase, Grant-Herriot, Hope, Jacks, Maxwell, McCune, Orwall, Smith and White.

Staff: Nona Snell (786-7153)

Background:

The Building Communities Fund (BCF) Program was established in 2008 through passage of Second Substitute Senate Bill 6855 and a capital budget allocation of \$32 million. The BCF makes targeted capital investments in distressed rural and urban communities. Funds can be used to acquire, construct or rehabilitate facilities for delivery of nonresidential community services. Examples are social service centers or multipurpose community centers, including those that serve a distinct or ethnic population. These facilities must be located in a distressed community or serve a substantial number of low-income or disadvantaged persons.

Applicants for the BCF grants must demonstrate that their project will offer a diverse set of activities that meet multiple community service objectives, including but not limited to: providing social services; expanding employment opportunities for community residents or increasing the employability of community residents; or, offering educational and recreational opportunities separate from the public education system or private schools. The BCF grant assistance may not exceed 25 percent of total project cost, except under exceptional circumstances. Among other criteria, proposed projects must be a community priority and reflect a long-term shared vision for the community's development; require state funding to accomplish a discrete project phase; be ready to proceed and make timely use of funds; and, be sponsored by entities with the organizational and financial capacity to fulfill the terms of the BCF grant agreement and maintain the project in the future.

As directed by the statute, the Department of Community, Trade and Economic Development (DCTED) administered a competitive application process in 2008, and evaluated 55 applications in consultation with a citizen advisory committee. The DCTED submitted an unranked list of 27 projects as "qualified eligible" and an unranked list of 28 projects as "not recommended for funding" to the Governor and the Legislature. The appropriate fiscal committees of the House of Representatives and the Senate may use the list to determine projects that receive capital funding for 2009-11.

Summary of Substitute Bill:

The competitive process for the BCF Program grants is clarified in two respects: (1) an applicant can qualify for funding consideration by demonstrating that a proposed project will offer three or more distinct activities that meet a single community service objective; and (2) "exceptional circumstances," under which the DCTED may reduce the amount of non-state match required of an applicant, include but are not limited to: natural disasters affecting

projects; emergencies beyond an applicant's control; a delay that could result in a public health or safety threat; or instances where a community can quantifiably demonstrate exhaustion of all fundraising efforts.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill takes effect 90 days after adjournment of the session in which the bill is passed.

Staff Summary of Public Testimony (Community & Economic Development & Trade):

(In support) The BCF program has clearly struck an unmet need. Fifty-five organizations submitted applications in 2008 for over \$60 million. There are still economically distressed rural and urban areas in our state.

(With concerns) The 75 percent match will be very difficult for smaller agencies to meet. Larger organizations will be able to be more competitive, but the smaller organizations, including a lot of them serving people of color, will not. How will the exceptions clarification help with this challenge for small organizations? The ability of organizations to raise money is very different in Seattle compared with Granger or Brewster. Governmental agencies should be added to the list of eligible entities; specifically Metro Parks Tacoma has a multipurpose project in South Tacoma that is currently ineligible. Metro Parks is entering into partnerships with low-income and minority communities and the project meets many of the BCF goals and criteria but it cannot apply because it is a government agency.

(Opposed) None.

Staff Summary of Public Testimony (Capital Budget):

(In support) The Building Communities Fund was established last year. There are still economically distressed urban and rural areas, and capital investments in community areas can create economic opportunities. The program addresses an unmet need. The bill makes some clarifications about when state support should be considered on an exceptional basis and requires that projects have multiple community objectives. Some of the most vulnerable people seek survival services through this program.

(Opposed) None.

Persons Testifying (Community & Economic Development & Trade): (In support) Representative Kenney, prime sponsor; Lonnie Mitchell, Emmanuel Family Life Center; and Rogelio Riojas, SeaMar.

(With concerns) T.K. Bentler, Metro Parks Tacoma.

Persons Testifying (Capital Budget): Representative Kenney, prime sponsor; and Roberto Maestas, El Centro de la Raza.

Persons Signed In To Testify But Not Testifying (Community & Economic Development & Trade): None.

Persons Signed In To Testify But Not Testifying (Capital Budget): None.